

28. "Transitional inpatient care" means the level of care needed by an individual who has suffered an illness, injury, or exacerbation of a disease, and whose medical condition has clinically stabilized so that; daily physician services, and the immediate availability of technically complex diagnostic and invasive procedures usually available only in the acute care hospital, are not medically necessary; and when the physician assuming the responsibility of treatment management of the patient in transitional care has developed a definitive and time-limited course of treatment.
29. "Public hospital" means a hospital that is licensed to a county, a city, a city and county, the State of California, the University of California, a local health care district, a local health authority, or any other political subdivision of the state.
30. "Nonpublic hospital" means a hospital that satisfies all of the following: the hospital does not meet the definition of a public hospital as described in subsection 29; does not meet the definition of a nonpublic/converted hospital as described in subsection 31; and does not meet the definition of a converted hospital as described in subsection 32.
31. "Nonpublic/converted hospital" means a hospital that satisfies all of the following: the hospital does not meet the definition of a public hospital as described in subsection 29; at any time during the 1994-95 payment adjustment year, was a public hospital as described in subsection 29 (whether or not the hospital currently is located at the same site as it was located when it was a public hospital); and does not meet the definition of a converted hospital as described in subsection 32.
32. "Converted hospital" means a hospital that satisfies all of the following: The hospital does not meet the definition of a public hospital as described in subsection 29; and at any time during the 1997-98 payment adjustment year, was a public hospital as described in subsection 29 (whether or not the hospital currently is located at the same site as it was located when it was a public hospital).
33. "Remained in operation" or remains in operation" means that, except for closure or other cessation of services caused by natural disasters or other events beyond that hospital's reasonable control (including labor disputes), the hospital was licensed to provide hospital inpatient services, and continued to provide, or was available to provide, hospital inpatient services to Medi-Cal patients throughout the particular time period in question.
34. "Maximum state disproportionate share hospital allotment for California" means, with respect to the 1998 federal fiscal year and subsequent federal fiscal years, that amount specified for California under Section 1396r-4(f) of Title 42 of the United States Code for that fiscal year, divided by the federal medical assistance percentage applicable for federal financial participation purposes for Medi-Cal program expenditures with respect to that same federal fiscal year.

C. Determination of Payment Amounts

1. Except as otherwise provided in this Attachment, the additional payments will be distributed on a per diem basis. Each eligible hospital will receive a minimum specified payment adjustment which varies based on the type of hospital involved. Further, for some hospitals, a variable per diem amount, based on the hospital's low-income utilization rate, will also be paid.
2. Subject to the limitations in other Sections of this Attachment, the additional amount to be distributed to each hospital shall be determined as follows:
 - a. Concurrent with each Medi-Cal day of acute inpatient hospital service paid by or on behalf of the Department during a payment adjustment year, regardless of dates of service, to a hospital on the applicable disproportionate share list, where that hospital, on the first day of the payment adjustment year, is a major teaching hospital, the hospital shall be paid the sum of all of the following amounts:
 - (1) A minimum payment adjustment of three hundred dollars (\$300).
 - (2) The sum of the following amounts, minus three hundred dollars (\$300).
 - (A) A ninety dollar (\$90) payment adjustment for each percentage point, from 25 percent to 29 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (B) A seventy dollar (\$70) payment adjustment for each percentage point, from 30 percent to 34 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.

- (C) A fifty dollar (\$50) payment adjustment for each percentage point, from 35 percent to 44 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (D) A thirty dollar (\$30) payment adjustment for each percentage point, from 45 percent to 64 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (E) A ten dollar (\$10) payment adjustment for each percentage point, from 65 percent to 80 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
- (3) If the sum calculated under subparagraph (2) is less than zero, it shall be disregarded for payment purposes.
- b. Concurrent with each Medi-Cal day of acute inpatient hospital service paid by or on behalf of the Department during a payment adjustment year, regardless of dates of service, to a hospital on the applicable disproportionate share list, where that hospital, on the first day of the payment adjustment year, is a children's hospital, the hospital shall be paid the sum of four hundred fifty dollars (\$450).
 - c. Concurrent with each Medi-Cal day of acute inpatient hospital service paid by or on behalf of the Department during a payment adjustment year, regardless of dates of service, to a hospital on the applicable disproportionate share list, where that hospital, on the first day of the payment adjustment year, is an acute psychiatric hospital, or an alcohol-drug rehabilitation hospital, the hospital shall be paid the sum of all of the following amounts:
 - (1) A minimum payment adjustment of fifty dollars (\$50).

- (2) The sum of the following amounts, minus fifty dollars (\$50):
 - (A) A ten dollar (\$10) payment adjustment for each percentage point, from 25 to 29 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (B) A seven dollar (\$7) payment adjustment for each percentage point, from 30 to 34 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (C) A five dollar (\$5) payment adjustment for each percentage point, from 35 to 44 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (D) A two dollar (\$2) payment adjustment for each percentage point, from 45 to 64 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (E) A one dollar (\$1) payment adjustment for each percentage point, from 65 to 80 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
- (3) If the sum calculated under subparagraph (2) is less than zero, it shall be disregarded for payment purposes.
- d. Concurrent with each Medi-Cal day of acute inpatient hospital service paid by or on behalf of the Department during a payment adjustment year, regardless of dates of service, to a hospital on the applicable disproportionate share list, where that hospital does not meet the criteria for receiving payments under paragraphs a., b., or c. above, the hospital shall be paid the sum of all of the following amounts:

- (1) A minimum payment adjustment of one hundred dollars (\$100).
- (2) If the hospital is an emergency services hospital at the time the payment adjustment is paid, a two hundred dollar (\$200) payment adjustment.
- (3) The sum of the following amounts, minus one hundred dollars (\$100), and minus an additional two hundred dollars (\$200) if the hospital is an emergency services hospital at the time the payment adjustment is paid:
 - (A) A forty dollar (\$40) payment adjustment for each percentage point, from 25 percent to 29 percent, inclusive, of the hospitals low-income number as shown on the disproportionate share list.
 - (B) A thirty-five dollar (\$35) payment adjustment for each percentage point, from 30 percent to 34 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (C) A thirty dollar (\$30) payment adjustment for each percentage point, from 35 percent to 44 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (D) A twenty dollar (\$20) payment adjustment for each percentage point, from 45 percent to 64 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.
 - (E) A fifteen dollar (\$15) payment adjustment for each percentage point, from 65 percent to 80 percent, inclusive, of the hospital's low-income number as shown on the disproportionate share list.

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- (4) If the sum calculated under subparagraph (3) is less than zero, it shall be disregarded for payment purposes.
3. When consistent and reliable data are available statewide as determined by the Department of Health Services, the Department may include those acute inpatient hospital days attributable to Medicaid beneficiaries enrolled under managed care organizations under contract with the Department to provide such services.

D. Limitations

1. To qualify for payment adjustment amounts under this Attachment, a hospital must have been included on the disproportionate share list for the particular payment adjustment year.
2. For any particular payment adjustment year, no hospital may qualify for payments under more than one category among those in Section C. above.
3. For each eligible hospital, there is a maximum limit on the number of Medi-Cal acute inpatient hospital days for which payment adjustment amounts may be paid for each payment adjustment year. The maximum limit shall be that number of days that equals 80 percent of the eligible hospital's annualized Medi-Cal inpatient paid days, as determined from all Medi-Cal paid claims records available through April 1 preceding the beginning of the payment adjustment year. When consistent and reliable data are available statewide as determined by the Department of Health Services, the Department may include those acute inpatient hospital days attributable to Medicaid beneficiaries enrolled under managed care organizations under contract with the Department to provide such services.
4. No payment adjustments under the payment adjustment program shall be payable in connection with claims paid prior to the effective date approved by the federal government for the payment adjustment program.

No payment adjustments under any amendments to the payment adjustment program shall be payable in connection with claims paid prior to the effective date approved by the federal government for the amendments to the payment adjustment program.

5. Reductions in payment adjustment amounts shall apply when an insufficient amount of funds are available under the terms of the payment adjustment program. Any such reduction must be consistent with the following provisions.

The Department shall compute, prior to the beginning of each payment adjustment year, the projected size of the payment adjustment program for the particular payment adjustment year. To do so, the Department shall determine the projected total payment adjustment amount for each eligible hospital, and shall add these amounts together to determine the projected total size of the program. To the extent this projected total figure for the program exceeds the portion of the maximum state disproportionate share hospital allotment for California under federal law that the Department anticipates will be available for the period in question, the Department shall reduce the total per diem composite amounts of the various eligible hospitals in the fashion described below so that the allotment in question will not be exceeded.

- a. All total per diem composite amounts for the entire payment adjustment year shall be reduced proportionately not to exceed two percent of each total per diem composite amount.
- b. If the reductions authorized by paragraph a. are insufficient to align the program with the federal allotment for California, then the following shall apply:
 - (1) The adjusted total per diem composite amounts, as calculated under paragraph a., shall remain in effect for each eligible hospital whose low-income number is 30 percent or more.
 - (2) The adjusted total per diem composite amounts, as calculated under paragraph a., for all other eligible hospitals shall be further reduced proportionately to align the program with the federal allotment, but in no event to a level that is less than 65 percent of the total per diem composite amount that would have been payable to the eligible hospital had no reductions taken place.

- c. If the steps set forth in paragraph b. are not adequate to align the program with the federal allotment, the adjusted total per diem composite amounts for all eligible hospitals for the entire payment adjustment year shall be further reduced proportionately to align the program with the federal allotment, but in no event to a level that would result in adjusted total per diem composite amounts that are less than 65 percent of the total per diem composite amounts that would have been payable had no reductions taken place.
 - d. At such time as all eligible hospitals have been reduced to the 65-percent level set forth in paragraph b. and paragraph c., the adjusted total per diem composite amounts for all eligible hospitals shall be further reduced proportionately as necessary to align the program with the federal allotment.
 - e. This subsection 5. shall not apply to the 1995-96 payment adjustment year.
- 6. The data utilized by the Department shall relate to the hospital under present and previous ownership. When there has been a change of ownership, a change in the location of the main hospital facility, or a material change in patient admission patterns during the twenty-four months immediately prior to the payment adjustment year, and the change has resulted in a diminution of access for Medi-Cal inpatients at the hospital as determined by the Department, the Department shall, to the extent permitted by federal law, utilize current data that are reflective of the diminution of access, even if the data are not annual data.
 - 7. The system of payment adjustments described in the former version of Attachment 4.19A (effective July 1, 1990) will become inoperative as of the approval date of this Attachment.
 - 8. The payment adjustments under SPA 91-15 are not in consideration for services rendered prior to the effective date approved by HCFA. Such payment adjustments are distributed in conjunction with claims paid on and after the effective date as a mechanism to allocate funds relating to periods of time on and after the effective date.

9. If any payment adjustment that has been paid, or that is otherwise payable, under this Attachment exceeds the hospital-specific limitations set forth in Section J. of this Attachment, the Department shall withhold or recoup the payment adjustment amount that exceeds the limitation. The nonfederal component of the amount withheld or recouped shall be redeposited in, or shall remain in, the fund, as applicable, until used for the purposes described in paragraph (2) of subdivision (j) of Section 14163 of the Welfare and Institutions Code.
10. The payment adjustments under this Attachment shall be limited as specified in other provisions of this Attachment.

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E. Additional Description

1. Except as otherwise provided in this Attachment, the disproportionate share payments shall be distributed concurrent with claims paid on those dates on or after July 1, 1991, for which federal approval is effective and as follows:
 - a. For the fiscal year July 1, 1991 through June 30, 1992, the State shall determine which hospitals meet the disproportionate share definition set out in Section A. subsection 2. for the 1991-92 payment adjustment year, and the aggregate per diem payment adjustment amount for each hospital. As soon as determined, the Department shall issue a disproportionate share list showing the name of each hospital qualifying for payment adjustments, the hospital's Medi-Cal utilization rate and low-income utilization rate, the hospital's low income number, and the amount of the per diem payment adjustment to be made for each hospital for the 1991-92 fiscal year.
 - b. No later than the fifth day of each fiscal year thereafter, the Department shall determine, for the particular payment adjustment year, which hospitals meet the disproportionate share definition set out in Section A., subsection 2. and the aggregate per diem payment adjustment amount for each hospital. When determined, the Department shall issue a disproportionate share list showing the name and license number of each hospital qualifying for payment adjustments, the hospital's Medi-Cal utilization rate and low-income utilization rate, the hospital's low-income number, and the amount of the per diem payment adjustments to be made for each such hospital.
 - c. The determinations regarding disproportionate share hospital status and the payments made in accordance with paragraphs a. and b. above shall be final determinations and payments. Nothing on a disproportionate share list, once issued by the Department, shall be modified for any reason other than mathematical or typographical errors or omissions on the part of the State.

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